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Company

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re:

GIRARDI KEESE,

Alleged Debtor.

Case No. 2:20-bk-21022-BR

Chapter 7

**SOUTHERN CALIFORNIA GAS
COMPANY'S STATEMENT RE
TRUSTEE'S EMERGENCY MOTION FOR
ORDER:**

**(1) APPROVING COMPROMISE WITH
FRANTZ LAW GROUP, APLC
PURSUANT TO FEDERAL RULE OF
BANKRUPTCY PROCEDURE 9019, ETC.
(DKT. NO. 123)**

Date: February 2, 2021
Time: 10:00 a.m.
Ctrm.: 1668 via Zoom

Judge: The Hon. Barry Russell

Southern California Gas Company ("**SoCalGas**") respectfully submits the following statement in relation to the Chapter 7 Trustee's *Emergency Motion for Order: (1) Approving Compromise with Frantz Law Group, APLC Pursuant to Federal Rule of Bankruptcy Procedure 9019; (2) Authorizing the Assignment of the Estate's Interests in the Southern California Gas Leak Litigation Free and Clear of Liens, Claims and Interests Pursuant to 11 U.S.C. § 363; and*

1 (3) *Authorizing Rejection of the Assumption and Lien Agreement Between the Debtor and Abir*
2 *Cohen Treyzon Salo LLP Pursuant to 11 U.S.C. § 365* (Dkt. No. 123) (the “Motion”):

3 SoCalGas is a defendant in pending civil litigation before the Los Angeles County
4 Superior Court arising from the release of natural gas from its Aliso Canyon natural gas storage
5 facility, *In re Southern California Gas Leak Cases*, Judicial Council Coordination Proceeding No.
6 4861, Lead Case No. BC601844 (the “**The Southern California Gas Leak Litigation**”).
7 According to the Trustee, prior to the filing of the involuntary petition herein, the Debtor
8 represented approximately 8000 plaintiffs in the Southern California Gas Leak Litigation on a
9 contingency fee basis. The Trustee has also stated that the Southern California Gas Leak
10 Litigation is one of the Debtor’s most significant pending cases and the Debtor’s rights under its
11 contingency fee arrangement with its clients in the Southern California Gas Leak Litigation
12 represent one of the most valuable assets of the Debtor’s bankruptcy estate.

13 While it appears that the Trustee’s proposed compromise with the Frantz Law Group
14 APLC (“**Frantz**”) would reduce the Debtor’s share of any net contingency fee earned from a
15 resolution the Southern California Gas Leak Litigation by 5%, and would transform Frantz’ pre-
16 petition unsecured claim to 50% of that contingency fee into a right to receive 55% of that
17 contingency fee, SoCalGas supports the proposed settlement to the extent that it may accelerate
18 the resolution of the Debtor’s clients’ claims in the Southern California Gas Leak Litigation.

19 SoCalGas has reached out to the Trustee, its counsel and Frantz to inform them of its
20 interest in commencing discussions on a resolution of the Debtor’s clients’ claims in the Southern
21 California Gas Leak Litigation. While SoCalGas will to continue to vigorously defend itself in
22 the absence of a settlement, if a settlement can be reached it would be of obvious benefit to the
23 estate, as it would eliminate litigation risk and allow the estate to receive its share of any
24 contingency fee now, rather than having to wait years for the resolution of in excess of 35,000
25 individual claims in the Southern California Gas Leak Litigation as they wend their way through
26 the California court system.

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1 So. Cal Gas is hopeful that it will be able to engage in a productive dialog with the
2 Trustee, Frantz and other interested parties regarding these issues that will be beneficial to the
3 Debtor's estate and its creditors.

4 Dated: January 28, 2021

MORGAN, LEWIS & BOCKIUS LLP

6 By: /s/ Richard W. Esterkin
7 Richard W. Esterkin
8 Attorneys for Southern California Gas
9 Company
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CERTIFICATE OF SERVICE FORM

FOR ELECTRONIC FILINGS

I hereby certify that on January 28, 2021, I electronically filed the foregoing document,
**SOUTHERN CALIFORNIA GAS COMPANY'S STATEMENT RE TRUSTEE'S
EMERGENCY MOTION FOR ORDER: (1) APPROVING COMPROMISE WITH
FRANTZ LAW GROUP, APLC PURSUANT TO FEDERAL RULE OF BANKRUPTCY
PROCEDURE 9019, ETC. (DKT. NO. 123)**, with the Clerk of the United States Bankruptcy
Court, Central District of California, Los Angeles Division, using the CM/ECF system, which
will send notification of such filing to those parties registered to receive notice on this matter.



Renee Robles